

07 CV 7097

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORKLAWRENCE MALLY, on behalf of
himself and all others similarly situated,

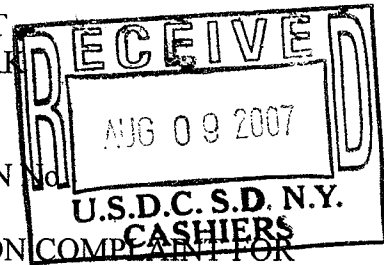
Plaintiff,

v.

QIAO XING UNIVERSAL TELEPHONE,
INC., RUI LIN WU, AND ALBERT
LEUNG,

Defendants.

CIVIL ACTION No.

CLASS ACTION COMPLAINT FOR
VIOLATIONS OF FEDERAL
SECURITIES LAWS**JURY TRIAL DEMANDED**

Plaintiff Lawrence Mally, by his attorneys, on behalf of himself and all others similarly situated, alleges the following based upon the investigation of plaintiff's counsel, except as to allegations specifically pertaining to plaintiff, which are based on personal knowledge. The investigation of counsel included, among other things, a review of Qiao Xing Universal Telephone, Inc.'s ("Xing") public filings with the United States Securities and Exchange Commission ("SEC"), press releases issued by the Company, media and news reports about the Company, and publicly available trading data relating to the price and volume of Xing common stock.

I. INTRODUCTION

1. This is a federal class action brought on behalf of a class consisting of all persons who purchased Xing securities, including purchasers of Xing common stock and call options, between June 30, 2004 and July 16, 2007, inclusive (the "Class Period").

2. This action is a securities fraud action brought under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5

promulgated thereunder by the SEC by plaintiff on behalf of all those who purchased Xing securities during the Class Period to recover damages caused to the Class by defendants' violations of the securities laws.

3. Xing describes itself as one of China's largest manufacturers and distributors of telecommunication products and has established partnerships with companies in the United States such as Wal-Mart. The Company primarily manufactures mobile phone handsets and accessories.

4. During the Class Period, Xing portrayed itself to investors as a company with growing net sales and net income and that reported its financial results in accordance with generally accepted accounting principles ("GAAP"). However, the true facts that were not disclosed to investors, were that the Company's financial results were materially misstated and were not prepared in accordance with GAAP, and that the Company's internal controls over financial reporting were materially defective.

5. On July 17, 2007, before the opening of trading, Xing disclosed, among other things, the following:

Qiao Xing Mobile Communication Co., Ltd. (QXMC), a consolidated subsidiary of the Company, has recently become a U.S. listed company through an initial public offering, or IPO. In connection with the audits of QXMC's financial statements, certain misstatements for the years 2005, 2004 and 2003 were identified that were not initially detected through the Company's internal control over financial reporting.

As a result management has decided to restate the Company's consolidated financial statements for the years ended December 31, 2005, 2004 and 2003. In the restated financial statements, net income was reduced by Rmb 3.8 million in 2005, Rmb 21.5 million in 2004, and Rmb 16.3 million in 2003.¹

¹ "Rmb" refers to the Renminbi, the legal currency of China, and is also known as the "Yuan".

6. Thus, during the Class Period, Xing overstated its reported net income for the years ended December 31, 2005 and 2004 by 2% and 93%, respectively, and for the year ended December 31, 2003, Xing understated its reported net loss by 210%.

7. Also on July 17, 2007, the Company filed its annual report for the year ended December 31, 2006 on Form 20-F with the SEC that revealed more details concerning the restatement, including the Company's GAAP violations and deficiencies in internal controls over financial reporting.

8. The Company's annual report on Form 20-F explained that "[M]anagement has decided to restate the Company's consolidated financial statements for the years ended December 31, 2005, 2004 and 2003" because the Company: 1) improperly accounted for the fair value of certain assets and liabilities assumed through certain acquisitions; 2) improperly reported certain sales revenue and costs of good sold under EITF No. 99-19, "Reporting Revenue Gross as a Principal Versus Net as an Agent"; and 3) recognized losses in excess of the original guaranteed return on an equity investment in a 49%-owned entity.

9. The Company further explained that that misstatements in the financial statements resulted from the following four deficiencies in its system of internal controls over financial reporting:

- Insufficient complement of personnel with a level of accounting knowledge, experience and training in the application of the accounting principles generally accepted in the United States of America commensurate with the Company's financial reporting requirements; this insufficient complement of personnel contributed to each of the control deficiencies discussed below:
- Ineffective controls to ensure that the appropriateness of valuation methods was adequately evaluated and any significant

assumptions used were properly supported and documented (including those used by specialists engaged by the Company), and to ensure that presentation and disclosure of fair value measurements were made in accordance with the accounting principles generally accepted in the United States of America;

- Ineffective controls to identify and measure differences between the respective tax and financial reporting bases of certain assets and liabilities and to determine the applicable income tax rate to ensure that deferred taxes were accurately presented in the Company's consolidated financial statements; and
- Ineffective controls for the revenue recognition to recognize the technical service income in the period when the service was rendered and failed to recognize the revenue from the sales of co-operative products in accordance with EITF 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent* on a net basis as service fee income.

10. Moreover, management "concluded that the following three control deficiencies identified constitute material weaknesses" in addition to the four material weaknesses identified above:

- Lack of an effective enterprise risk management system;
- Lack of an effective anti-fraud program and whistleblower system; and
- Lack of an independent and effective internal audit function.

11. Based on management's evaluation, the Company concluded that its "disclosure controls and procedures were not effective as of the end of the fiscal period covered by this Annual Report on Form 20-F (December 31, 2006), as a result of the material weaknesses in the Company's internal control over financial reporting."

12. In response to these announcements, on July 17, 2007, the price of Xing stock declined from \$13.97 per share at the close of trading on July 16, 2007, to close at \$11.04 per share, a decline of approximately 21%, on extremely heavy trading volume.

II. JURISDICTION AND VENUE

13. The claims asserted arise under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. Jurisdiction is conferred by Section 27 of the Exchange Act. Venue is proper pursuant to Section 27 of the Exchange Act as the Company's stock trades on NASDAQ.

14. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

III. THE PARTIES

15. Plaintiff Lawrence Mally purchased Xing securities as detailed in the attached Certification and was damaged thereby.

16. Defendant Xing is a corporation organized under the laws of the British Virgin Islands with its principal executive offices located at Qiao Xing Science Industrial Park, Huizhon City, Guangdong, China. Xing conducts business throughout the United States with retailers such as Wal-Mart. Xing's common stock trades on NASDAQ.

17. Defendant Rui Lin Wu ("Wu") was, at all relevant times, Chairman, and Chief Executive Officer of Xing.

18. Defendant Albert Leung ("Leung") was, at all relevant times, Xing's Chief Financial Officer.

19. The individuals named as defendants in ¶¶17-18 are referred to herein as

the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Xing’s annual reports, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each Individual Defendant was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them but not to the public, each of these defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein.

IV. CLASS ACTION ALLEGATIONS

20. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) on behalf of a class of all persons who purchased the securities of Xing, including purchasers of Xing common stock and call options, during the period from June 30, 2004 through July 16, 2007, inclusive (the “Class”).

21. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at the present time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members of the Class located throughout the United States. Throughout the Class Period, approximately 29 million shares of Xing common stock were outstanding, which were actively traded on the NASDAQ in an efficient market.

22. Plaintiff's claims are typical of the claims of the members of the Class. Plaintiff and all members of the Class have sustained damages because of defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intends to pursue this action vigorously. The interests of the Class will be fairly and adequately protected by plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class that plaintiff seeks to represent.

23. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

24. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- (a) whether the federal securities laws were violated by defendants' acts and omissions as alleged herein;
- (b) whether defendants misstated and/or omitted to state material facts in their public statements and filings with the SEC;
- (c) whether defendants participated directly or indirectly in the course of conduct complained of herein; and
- (d) whether the members of the Class have sustained damages and the proper measure of such damages.

V. XING'S MATERIALLY FALSE AND MISLEADING STATEMENTS

25. On June 30, 2004, Xing filed its annual report with the SEC on Form 20-F for the year ended December 31, 2003. The annual report was signed by Defendant Wu and stated that for the year ended December 31, 2003, Xing reported net sales of Rmb 1.8 billion and a net loss of Rmb 7.73 million. The annual report stated that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

26. The 20-F for the year ended December 31, 2003 also included Sarbanes-Oxley certifications signed by Defendants Wu and Leung. In their respective certifications, the Individual Defendants represented, among other things, that “[b]ased on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made... not misleading ...”

27. On June 30, 2005, Xing issued a press release disclosing its financial results for the year ending December 31, 2004. The Company reported net sales of Rmb 2.0 billion and net income of Rmb 22.9 million. Defendant Wu stated “Net sales, income form [sic] operating and net income for 2004 were the highest since 2001 for the company.”

28. Also on June 30, 2005, Xing filed its annual report with the SEC on Form 20-F for the year ended December 31, 2004. The annual report was signed by Defendant Wu, included the financial results set forth at ¶27 above, and stated that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

29. The annual report also included Sarbanes-Oxley certifications signed by the Individual Defendants. In their respective certifications, the Individual Defendants represented, among other things, that "[b]ased on my knowledge this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made . . . not misleading. . . ."

30. On June 30, 2006, Xing filed its annual report with the SEC on Form 20-F for the year ended December 31, 2006. The Company reported net sales of Rmb 2.9 billion and net income of Rmb 249 million and stated that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America.

31. The annual report also included Sarbanes-Oxley certifications signed by the Individual Defendants. In their respective certifications, the Individual Defendants represented, among other things, that "[b]ased on my knowledge this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made . . . not misleading. . . ."

32. The statements referenced above in ¶¶25-31 were each materially false and misleading when issued because they misrepresented and failed to disclose the following material adverse facts: (a) the Company's financial statements were not prepared in accordance with GAAP; (b) the Company's internal controls over financial reporting were materially defective; and (c) the Company's reported net income was materially overstated for the years ended December 31, 2004 and 2005 and the Company's reported net loss for the year ended December 31, 2003 was materially understated.

33. As discussed above, on July 17, 2007, before the market opened, Xing issued a press release and filed its annual report for the year ended December 31, 2006 that disclosed the circumstances surrounding the Company's restatement.

34. In response to these announcements, on July 17, 2007, the price of Xing stock declined from \$13.97 per share, the price of Xing common stock at the close of trading on July 16, 2007, to close at \$11.04 per share, on extremely heavy trading volume.

VI. LOSS CAUSATION/ECONOMIC LOSS

35. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Xing's securities and operated as a fraud or deceit on Class Period purchasers of Xing securities by misrepresenting the Company's operating condition and future business prospects. Defendants achieved this by making positive statements about Xing's financial results while they knew that the Company was suffering from a variety of adverse factors which were then negatively impacting its financial results, as detailed herein. Later, however, when defendants' prior misrepresentations were disclosed and became apparent to the market, the price of Xing stock fell precipitously as the prior artificial inflation came out of Xing stock price. As a result of their purchases of Xing securities during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under the federal securities laws.

VII. FRAUD-ON-THE-MARKET DOCTRINE

36. At all relevant times, the market for Xing securities was traded in an efficient market for the following reasons, among others:

- (a) The Company's common stock met the requirements for public listing and was listed and actively traded on the NASDAQ, a highly efficient market;
- (b) As a regulated issuer, the Company filed periodic public reports with the SEC; and
- (c) The Company regularly issued press releases which were carried by national news wires. Each of these releases was publicly available and entered the public marketplace.

37. As a result, the market for the Company's securities promptly digested current information with respect to Xing from all publicly available sources and reflected such information in the price of the Company's securities. Under these circumstances, all purchasers of the Company's securities during the Class Period suffered similar injury through their purchase of the securities of Xing at artificially inflated prices and a presumption of reliance applies.

VIII. ADDITIONAL SCIENTER ALLEGATIONS

38. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Xing, their control over, and/or receipt and/or modification of Xing's allegedly materially misleading misstatements and/or their associations with the

Company which made them privy to confidential proprietary information concerning Xing, participated in the fraudulent scheme alleged herein.

39. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

40. Defendants had the motive and opportunity to perpetrate the fraudulent scheme and course of business described herein because the Individual Defendants were the most senior officers of Xing, issued statements and press releases on behalf of Xing and had the opportunity to commit the fraud alleged herein.

FIRST CLAIM FOR RELIEF
For Violation of Section 10(b) of the 1934 Act
and Rule 10b-5 Against All Defendants

41. Plaintiff incorporates ¶¶1-40 by reference.

42. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were materially false and misleading in that they contained material misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

43. Defendants violated Section 10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Xing securities during the Class Period.

44. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Xing's securities. Plaintiff and the Class would not have purchased Xing securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

45. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Xing securities during the Class Period.

SECOND CLAIM FOR RELIEF
For Violation of Section 20(a) of the 1934 Act
Against the Individual Defendants

46. Plaintiff incorporates ¶¶1-40 by reference.

47. The Individual Defendants acted as a controlling person of Xing within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and

control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

48. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

49. As set forth above, Xing and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their positions each as a controlling person, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Xing's and the Individual Defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for judgment as follows: declaring this action to be a proper class action; awarding damages, including interest; awarding reasonable costs, including attorneys' fees; and such equitable/injunctive relief as the Court may deem proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: August 9, 2007

KAPLAN FOX & KILSHEIMER LLP

By: _____

Frederic S. Fox

Joel B. Strauss

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New York, New York 10022

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Attorneys for Plaintiff

KAPLANFOX

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

I, Lawrence Mally, hereby certify and swear as follows:

1. I have reviewed the attached Complaint against **Qiao Xing Universal Telephone, Inc.** alleging violations of the securities laws and authorize its filing;
2. I am willing to serve as a representative party on behalf of a class, or to be a member of a group representing a class, including providing testimony at deposition and trial, if necessary;
3. I have not within the 3-year period preceding the date hereof sought to serve, or served, as a representative party on behalf of a class in an action brought under the federal securities laws, unless noted hereafter: _____

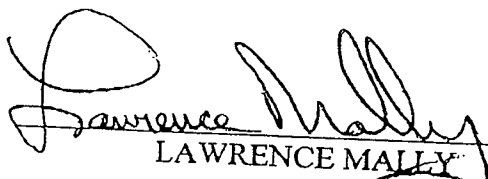
The following is a description of my transactions during the class period specified in the Complaint in the securities of **Qiao Xing Universal Telephone, Inc.**:

<u>Security</u>	<u>Transaction</u>	<u>Trade Date</u>	<u>Price Per Share</u>
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4. I did not purchase shares of **Qiao Xing Universal Telephone, Inc.** at the direction of my counsel or in order to participate in any private action under the federal securities laws;
5. I will not accept any payment for serving as a representative party on behalf of a class beyond my pro rata share of any recovery, except as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct.

Date: July 27, 2007


LAWRENCE MALLY

QIAO XING UNIVERSAL TELEPHONE, INC. (XING)
Lawrence Mally transactions

[illegible]

QIAO XING UNIVERSAL TELEPHONE, INC. (XING)
Lawrence Mally transactions

Name/Account	Security Name	Symbol	Transaction Type	Trade Date	Shares	Price per Share
	Qiao Xing Universal Telephone, Inc.	XING	Sale	04/11/07	600	\$16.75
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/04/07	1,000	\$14.98
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/04/07	100	\$14.91
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/04/07	100	\$14.98
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/04/07	800	\$14.98
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	10	\$12.91
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	50	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	300	\$13.54
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	150	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	300	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	200	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	50	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.62
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	500	\$13.60
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	100	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	540	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	300	\$13.61
	Qiao Xing Universal Telephone, Inc.	XING	Sale	05/18/07	200	\$13.61
Options:						
	Call Qiao Xing Universal Jan 15 Opening Transaction (Leap 2008)	QAEAC	Purchase	06/25/07	10,000	\$1.55
	Call Qiao Xing Universal Aug 12 1/2 Opening Transaction	QAEHV	Purchase	06/25/07	7,500	\$1.30
	Call Qiao Xing Universal Sep 15 Opening Transaction	QAEIC	Purchase	06/25/07	10,000	\$0.75
	Call Qiao Xing Universal Sep 12 1/2 Opening Transaction	QAEIV	Purchase	06/25/07	10,000	\$1.70
	Call Qiao Xing Universal May	QAEED	Purchase	04/23/07	600	\$0.45
	Call Qiao Xing Universal May	QAEED	Expired	05/21/07	600	
	Call Qiao Xing Universal Sep	QAEIW	Purchase	04/13/07	1,100	\$2.60
	Call Qiao Xing Universal Sep	QAEIW	Purchase	04/13/07	1,000	\$2.60
	Call Qiao Xing Universal Sep	QAEIW	Purchase	04/13/07	1,600	\$2.60
	Call Qiao Xing Universal Jan	LYQAW	Purchase	02/15/07	1,000	\$4.30
	Call Qiao Xing Universal Jan	LYQAW	Purchase	02/15/07	400	\$4.50
	Call Qiao Xing Universal Jan	QAEAB	Purchase	07/06/06	6,000	\$3.00
	Call Qiao Xing Universal Jan	QAEAB	Sale	07/06/06	6,000	\$4.69
	Call Qiao Xing Universal Jan	QAEAB	Purchase	09/12/06	3,000	\$2.20
	Call Qiao Xing Universal Jan	QAEAB	Purchase	09/12/06	1,000	\$2.20
	Call Qiao Xing Universal Jan	QAEAB	Sale	09/12/06	1,200	\$4.69
	Call Qiao Xing Universal Jan	QAEAB	Sale	09/12/06	100	\$4.69
	Call Qiao Xing Universal Jan	QAEAB	Sale	09/12/06	2,700	\$4.69
	Call Qiao Xing Universal Jan	QAEAB	Purchase	09/22/06	1,000	\$3.50
	Call Qiao Xing Universal Jan	QAEAB	Sale	09/22/06	1,000	\$4.69
	Call Qiao Xing Universal Jan	QAEAC	Purchase	11/21/06	1,000	\$1.25
	Call Qiao Xing Universal Jan	QAEAC	Purchase	11/21/06	800	\$1.25
	Call Qiao Xing Universal Jan	QAEAC	Sale	01/17/07	1,800	\$0.08
	Call Qiao Xing Universal May	QAEED	Purchase	04/23/07	2,500	\$0.45
	Call Qiao Xing Universal May	QAEED	Purchase	04/25/07	1,000	\$0.35
	Call Qiao Xing Universal May	QAEED	Purchase	04/25/07	1,500	\$0.40
	Call Qiao Xing Universal May	QAEED	Purchase	04/25/07	2,000	\$0.35
	Call Qiao Xing Universal May	QAEED	Purchase	04/25/07	400	\$0.40
	Call Qiao Xing Universal May	QAEED	Purchase	04/25/07	100	\$0.40
	Call Qiao Xing Universal May	QAEED	Expired	05/21/07	2,500	\$0.00
	Call Qiao Xing Universal May	QAEED	Expired	05/21/07	5,000	\$0.00
	Call Qiao Xing Universal Jun	QAEFW	Purchase	03/19/07	200	\$1.80
	Call Qiao Xing Universal Jun	QAEFW	Purchase	03/19/07	2,300	\$1.85
	Call Qiao Xing Universal Jun	QAEFW	Expired	06/18/07	2,500	\$0.00
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	500	\$0.95
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	700	\$0.95

QIAO XING UNIVERSAL TELEPHONE, INC. (XING)
Lawrence Mally transactions

Name/Account	Security Name	Symbol	Transaction Type	Trade Date	Shares	Price per Share
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	700	\$0.95
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	1,200	\$0.95
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	1,900	\$0.95
	Call Qiao Xing Universal Jul	QAEGB	Purchase	06/19/06	5,000	\$0.95
	Call Qiao Xing Universal Jul	QAEGB	Sale	06/30/06	10,000	\$0.84
	Call Qiao Xing Universal Sep	QAEIB	Purchase	06/15/06	200	\$1.15
	Call Qiao Xing Universal Sep	QAEIB	Purchase	06/15/06	3,800	\$1.15
	Call Qiao Xing Universal Sep	QAEIB	Sale	06/30/06	1,000	\$0.15
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	1,100	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	2,100	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	2,100	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	1,100	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	1,100	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	2,200	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	300	\$1.35
	Call Qiao Xing Universal Sep	QAEIC	Purchase	05/22/07	1,700	\$1.30
	Call Qiao Xing Universal Sep	QAEIW	Purchase	03/15/07	1,500	\$2.85
	Call Qiao Xing Universal Nov	QAEKW	Purchase	10/31/06	300	\$0.25
	Call Qiao Xing Universal Nov	QAEKW	Purchase	10/31/06	2,000	\$0.30
	Call Qiao Xing Universal Nov	QAEKW	Purchase	10/31/06	2,700	\$0.30
	Call Qiao Xing Universal Nov	QAEKW	Expired	11/20/06	5,000	
	Call Qiao Xing Universal Dec	QAEIW	Purchase	10/25/06	700	\$0.90
	Call Qiao Xing Universal Dec	QAEIW	Purchase	10/25/06	2,300	\$0.90
	Call Qiao Xing Universal Dec	QAEIW	Expired	12/18/06	3,000	